

Sustainable Forest Products Global Alliance

Year 4 Quarter 3 Report

Submitted by Metafore and World Wildlife Fund

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Sustainable Forest Products Global Alliance
Year 4 Quarter 3 Report
April 1, 2006 through June 30, 2006

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Sustainable Forest Products Global Alliance
Quarter 3 Report

April 1, 2006 through June 30, 2006

1. *Introduction*

The Sustainable Forest Products Global Alliance (Global Alliance) is a public/private partnership that seeks to make markets work for forests and people. Together, the partners in the Global Alliance work to advance a new model for forest conservation and community development in USAID-presence countries in which sustainable forest management is rewarded in the global marketplace. By reducing trade in illegally harvested or unsustainably managed forest products, opportunities for resource-dependent communities and low-income producers will grow.

This report summarizes the accomplishments of the two non-governmental partners—WWF and Metafore—for the second quarter (April 1, 2006 through June 30, 2006) of the fourth funding year of the Global Alliance. During this period, WWF and Metafore made substantial progress towards accomplishing the expected achievements defined for the year.

2. *Expected Achievements and Benchmarks*

In November 2002, Global Alliance members and their partners adopted a Results Framework which outlined expected multi-year achievements and related first year benchmarks. During subsequent annual reviews, Global Alliance members have revised the multi-year achievements and drafted benchmarks. The following benchmarks designed for year four (October 1, 2005 through September 30, 2006) of the Global Alliance were revised at the SFPGA retreat in February 2006.

Expected Achievement A: Enhanced demand for legally produced products from well-managed forests through implementation of responsible purchasing practices by businesses, government agencies, and other organizations.

Benchmarks:

- Increase number of government agencies and businesses that agree to source forest products from legal, well-managed forests.
- Increase number of businesses and governments implementing purchasing policies that prefer forest products from legal, well-managed forests.

Expected Achievement B: Increased supply of products legally produced from well-managed forests that generate social, economic, and ecological benefits through improved forest management.

Benchmarks:

- Increase the organizational and technical capacity of producers to manage legally and responsibly (as evidenced (or measured) by number of producer FTN applications).
- Increase the area of forest under improved forest management (as evidenced/measured by participation in (or acceptance/qualification to) producer FTNs).
- Increase the area of forest under effective management as verified by credible certification.

Expected Achievement C: More efficient trade of legal forest products from well-managed forests through the development and dissemination of information that enhances decision making of willing buyers and sellers.

Benchmarks:

- Expand technical, policy, and market information availability via Web-based resources and other venues.
- Increase economic value and the number of market links (or trade relationships) between willing buyers and producers.

3. Global Highlights

- The number of forest participants¹ in the Global Forest & Trade Network (GFTN) has grown from 53 to 56 companies and the forest area they manage has increased from 14.9m hectares (ha.) to 16.6m ha. in this quarter. In addition, 63 applicants managing approximately 8.1m ha. are at various stages of the application process. Early discussions are being held with another 87 companies managing 14.8m ha.
- The number of trade participants² in the GFTN at the end of the quarter was 256 companies. These companies currently trade 146 million cubic meters of round wood equivalent (RWE) per year (around 10% of the global harvest of industrial round wood), which represent nearly \$31 billion in forest product sales per year, with total sales of roughly \$404 billion per year. They employ nearly 1.2 million people.
- GFTN has generated 277 enquiries from trade participants or applicants who wish to purchase more responsibly from forest participants in the network. To date 110 of these enquiries have become market links where the two organizations are now trading. These market links have an estimated value in excess of \$63 million. Of these market links, 79 of the trading relationships were already established with an estimated value in excess of \$235 million, where GFTN is now working with both producer and buyer. Thirty one of these market links are new trading relationships where the producer has found new markets among the GFTN participants. (see Table 2 for the progress of market links)
- The remaining 167 enquiries remain open for current or future Forest & Trade Network (FTN) participants. These enquiries have a value of more than \$235 million and range from plywood and paper and to sawn wood and logs. This represents considerable demand for responsibly produced forest products and is a useful indicator which FTNs are using to inspire new FTN membership.
- The GFTN developed a new *Forest Products Tracking Database* that will assist GFTN participating companies to monitor the sourcing of wood based raw materials used within its products and to analyze the information. This tool can also help companies monitor and report the progress towards achieving commitments made as a part of GFTN participation.

¹ Forest participant means a participant who is a forest owner or manager.

² Trade participant means a participant who is a processor, manufacturer, trader, specifier, or end-user of wood or paper products.

- The GFTN prepared a second edition of the *Guide to Responsible Purchasing of Forest Products* for publication, and also completed work on the new companion piece, *Keep It Legal* manual, a tool for helping companies evaluate the sources of their forest products and take steps to ensure that they are from legal sources. Both of these publications will be published in August 2006.
- Metafore continued to raise awareness of responsible forest trade issues and highlight stories of success related to responsible business practices through the *In Focus* newsletter and *Metafore's Forest Leadership Forum* weekly newsletter. Both newsletters received over 7000 subscriptions.
- The GFTN website was updated to include a complete list of GFTN participants in a new format which includes information about the species and products available, making it easier for companies seeking to do business with GFTN participants to find the information they need.
- WWF and a television production company specializing in social and environmental topics reached an agreement to develop a television program on the GFTN market-based approach for broadcast on BBC's Earth Report. Scheduled for broadcast in winter of 2006/07, the program will consist of interviews with GFTN staff and company representatives, and visits to GFTN participant companies in the field. Because BBC Earth Report is televised in over one-hundred countries, and tens of millions of homes, it is expected to be an effective venue for communicating the GFTN message to government officials, corporate executives, multi-lateral development agency staff, embassy staff, and others who can help the GFTN enact its objectives change.

4. *Regional Highlights*

Consumer Countries

WWF North America Forest & Trade Network

- The North America Forest & Trade Network (NAFTN) was publicly launched at a reception attended by nearly 100 targeted individuals held in conjunction with Metafore's Forest Leadership Forum 2006. The event raised the profile of the NAFTN significantly and helped to advance discussions with four major retailers regarding their participation.
- The NAFTN hosted BlueLinX at the FSC Latin American trade fair in Sao Paulo, Brazil in April 2006 to explore alternative, responsible sources of building materials. BlueLinX helped to facilitate a meeting between the Brazil Buyer FTN and Brascomp, Brazil's second largest exporter of forest products to explore the possibility of Brascomp joining the network and pursuing certification of its natural forest concessions. Brascomp has over 300,000 ha. of natural forest concessions in the Amazon, 25% of which is already certified under FSC. Brascomp's FSC certified wood currently is sold to the EU market where the demand for certification is much higher. The meeting with BlueLinX, the largest US distributor of building products, signaled a major opportunity for growing recognition for certified products in the US market as well. NAFTN has also been providing on-going and regular assistance to BlueLinX in assessing suppliers.
- NAFTN member Wood Flooring International finalized its responsible purchasing policy this quarter. The NAFTN has also been providing assistance to the company in promoting their responsible purchasing policies. The actions already taken by other member companies like

BlueLinx and TBM Hardwoods have measurably advanced WWF's discussions with companies in Indonesia and Peru on certification and responsible purchasing.

- The NAFTN engaged extensively with Johnson & Johnson on the development of their purchasing policy, provided regular technical assistance related to certification and chain of custody issues, and assisted with the on-line training of over 80 J&J staff globally.
- Two companies - Cross Island Trading Company and Cryntel - applied to the NAFTN during this quarter. Both companies buy flooring from Indonesia and China and supply to home improvement retailers.

GFTN Europe

- WWF organized a four-day GFTN Europe meeting in May. Fifty people participated in the meeting to discuss the progress of the European FTNs and GFTN globally. The updated *Responsible Purchasing Guide*, the forthcoming *Keep It Legal* manual, and the newly developed GFTN tracking database software were introduced. European FTN managers also shared information about the activities in each country with six Austria FTN participants. A half day was dedicated for discussions on paper related activities. In addition, a one day meeting was held in cooperation with European FSC National Initiatives, dedicated to discussion on paper issues, certification awareness in each country, national level cooperation between FSC and FTNs in Europe, and the controlled wood standard review process.

GFTN Asia

WWF's activities in Japan and China are supported by matching funds.

- The Japan FTN recruited two printing companies (Bunshodo Printing Corporation and Okawa Insatsu) as new members - bringing the total number of company members to 30.
- WWF Japan organized a half day seminar *Confirmation of Legality of Wood Products from Russia – What is the first step?* on June 28th, 2006. More than 70 people participated to the seminar, including traders, paper producers, industrial federations and media. The seminar introduced the set of laws and regulations in Russia required for legal compliance and providing a methodology for legality verification. The importance of strong chain of custody (CoC) systems was also emphasized. The introduction of the concept of legality verification in Russia was welcomed by firms hoping to comply with the new Japanese public procurement policy, the Green Purchasing Law, which requires suppliers to provide proof of legality.
- WWF Japan also hosted a meeting with WWF Russia and Japanese government agencies including the Forestry Agency and the Ministry of the Environment. WWF Russia staff explained the state of illegal logging in the Russian Far East, the flow of illegal timber to Japan. WWF staff also raised concerns about the Japanese public procurement policy from the perspective of its applicability to buyers who import Russian wood products.
- WWF organized and participated a variety of meetings and workshops to promote the sustainable forest management and responsible purchasing of forest products and to share the experience on timber trade and sourcing legality. As a result of these meetings, it was agreed that the legal standard of timber procurement will be developed in China. The Architectural Services Department and Housing Authority department in Hong Kong agreed to co-organize a training workshop in August on responsible purchasing of forest products in Hong Kong.

- A plywood industry conference: More than 200 representatives from the industry (mainly from the plywood), government, and NGOs participated in the conference.
- Meeting with Architectural Services Department and Housing Authority Department of Hong Kong.
- "Legal Sources of Timber and Trade of Forestry Products" workshop held by TRAFFIC East Asia in Beijing on May 16th: 14 representatives from NGOs, the Provincial Forest Administration, the Forestry Institute, and consulting companies attended the workshop.

Professional Development Program/Lesser-known species strategies

- Metafore's year three intern, Richard Chavez completed his term in May. During his term with Metafore, Richard conducted thirty-four interviews with wood importers, manufacturers, and retailers to examine the opportunities and barriers for introducing non-traditional wood species into the U.S. marketplace.
- Richard successfully recruited twenty-two scholarship recipients from Latin America to attend Metafore's Forest Leadership Forum.
- In June, Richard returned to Nicaragua and organized a seminar in Managua to present his findings on opportunities to introduce non-traditional tropical hardwood species into the U.S. market. The seminar was coordinated with WWF-Nicaragua and JagWood and supported by PYMES, the Small and Medium Enterprises Nicaraguans Institute. Attendees of the seminar represented private businesses, NGOs, and government and totaled fifty-three participants.
- Metafore continued to recruit for the year four intern-position and the new intern will begin the term in July.

Forest Certification Resource Center

- Metafore staff completed three Web portals that link clients' Web sites to specific data from the Forest Certification Resource Center database. These portals generate \$22,500 in matching funds towards the SFPGA.

Paper Working Group/Environmental Paper Assessment Tool (EPAT)

- In April, Metafore staff continued to update the EPAT according to recommendations from the Paper Working Group, Early Adopter Circle, and various stakeholders across the supply chain.
- The Paper Working Group (PWG) and EPAT were featured at Metafore's Forest Leadership Forum in May. Specifically, Metafore staff and PWG participants demonstrated the EPAT tool to attendees in a pre-conference workshop. Metafore staff and PWG participants also conducted a breakout session on Environmentally Preferable Paper. The PWG and EPAT were featured in two Associated Press articles that ran in over thirty newspapers and magazines across the U.S.
- In June, Metafore staff conducted internal and external testing of the EPAT to identify critical enhancements and glitches.

Forest Leadership Forum

- Metafore completed the Forest Leadership Forum in May. Metafore convened approximately 400 action-oriented global leaders in business, environment and society to help align their business practices in ways that achieve environmental, social and financial results. The Forum delivered successful strategies for implementing responsible business practices through thought-provoking, experienced speakers in plenary and breakout sessions, networking opportunities in the Hall of Innovation, training exercises through workshops and business success stories.

Latin America and the Caribbean

WWF Mesoamerica and Caribbean Forest & Trade Network: Jagwood+

Panama

- An indigenous Community Forest Management Enterprise (CFME) was legally established for the Rio Tupiza Cooperative. The Board of Directors of the Rio Tupiza CFME were trained in financial planning and accounting. Five workshops were held on the rights and responsibilities of community members as established in the contract signed between the cooperative and JDS Hardwoods, a Panama-based manufacturer (131 participants attended workshops). An investment plan was designed to clearly communicate expenses and determine use of potential revenues from the harvesting. Internal guidelines were also created for the distribution of labor during harvesting, and all of activities were reinforced by the First General Assembly of the Rio Tupiza CFME attended by 179 participants (50 Women and 129 men).
- A “Stepwise Approach” evaluation of the Rio Tupiza Cooperative’s 26,720 ha. of tropical forest was carried out by independent consultants, and an action plan was developed for addressing minor gaps in the social, economical and environmental issues. Results from the evaluation have shown the cooperative has successfully complied with more than 80% of the basic indicators and therefore are prepared for an independent FSC evaluation.
- 45 members of the Embera-Wounaan ethnic groups from 5 Rio Tupiza communities were trained in Reduced Impact Logging, timber grading and marketing of wood products, and successfully completed the execution of the 2005 harvesting plan on 735 hectares with an estimated yield of 1,500 cubic meters (total expected harvesting was not achieved due to weather and contractual delays).

Nicaragua

- An indigenous Community Forest Management Enterprises (CFME) was established by the Kiwatingni Cooperative in Layasiksa and the SIPBAA Cooperative in Sagnilaya for timber production.
- The Software program “Panda-Track” was implemented for tracking wood products coming from the 2006 SIPBAA and Kiwatingni harvesting plans, thus enabling forest managers (communities, contractors and industries) to control and organize timber production. This valuable toolkit supports the Chain of Custody mechanism for community enterprises.
- The Stepwise Approach was applied to the 11,000 ha. conifer forest in Las Crucetas and the 12,846 hectare tropical forest block in SIPBAA. An action plan was developed for accomplishing minor gaps in both management plans, in preparation for an independent FSC certification.

- 7 workshops were developed for the forestry sector to promote the advantages of independent certification. More than 120 people participated. As a result, 6 companies showed interest in receiving technical assistance for achieving independent certification.
- 7 responsible purchasing policy were signed with La Fundación Politécnico Lasalle, Sacuanjoche Adventure Lodge, Horizon 3,000, Aserradero y Carpintería Don Bosco, Madeniksa, La Mueblería, Muebles Verónica and Muebles Victoria.
- 5 Miskito members from three Nicaraguan community forest enterprises received training in log processing and timber grading (Layasiksa, Las Crucetas, SIPBAA). As a result of this training, they successfully executed the 2005 harvesting plans in Layasiksa (200 ha.), SIPBAA (305 ha.) and Las Crucetas (252 ha.).
- The community enterprise of Kiwatingni in Layasiksa successfully achieved FSC certification for almost 5,000 ha of tropical forest. This represents the first community certification in Nicaragua and is a major achievement reflecting over 3 years of work with the community.

Bolivia

- The Bolivia FTN welcomed two new trade participants - Multiagro and United Furniture. United Furniture is an FSC-certified furniture manufacturer with over \$2,000,000 USD in annual sales in outdoor furniture. Multiagro manages over 11,000 hectares of conifer forests in conjunction with neighboring rural communities to produce lumber, cremation urns, funeral caskets and other products for the U.S. market.
- The Bolivia FTN is also finalizing membership with three additional applicants: Jolyka (floors), La Chonta (doors and furniture) and Mabet.
- The Bolivia FTN made great strides in recruiting COBORSE, the Bolivian Consortium of Socially Responsible Companies (part of the Bolivian Commerce and Industry Chamber) as members of the FTN and promoting responsible purchasing with its members including INTEL, Coca-Cola, and Petrobras. This progress has huge implications for building demand in Bolivia for certified wood.
- A complete set of official membership requirement documents including Responsible Purchasing Policy, Communications Policy, and template for Memorandum of Understanding and Action Plan has been translated into Spanish and modified to fit Bolivian legal systems (as well as paving the way for use in Peru).

Peru

- WWF's long-time partner, the "Consortio Forestal Amazonico", which currently manages 180,000 ha of forest in the Atalaya region of Ucayali has officially joined the Peru FTN. In addition, three other companies (Triplay Amazonico, Oficio Aureo, and Palacios Hermanos) are welcomed as new trade participants to the Peru FTN. The Peru FTN is currently finalizing membership with three new applicants, and is preparing the launch of the organization for late October 2006.
- In conjunction with the Bolivian work, the FTN Peru has finalized a set of official membership requirements documents including Responsible Purchasing Policy, Communications Policy, and template for Memorandum of Understanding and Action Plan (in Spanish and modified to fit Peruvian legal systems).

- Reduced Impact Logging (RIL) training of over 40 indigenous community members and technicians was conducted for private concessionaires in the Peruvian Amazon by CATIE Technicians.

Brazil

WWF's activities in Brazil are supported by matching funds.

- Three companies (Nova Canaã, Santa Adélia [Dotto Group] and Ouro Branco) that was assessed by SIM program (stepwise approach program in Brazil) last year have developed approved action plans and started implementing the plans in the current 2006 harvesting season.
- Three new baseline appraisals³ were conducted for a community with a total area over 100,000 ha. inside the extractive reserve of Mamirauá, in Amazonas State. So far about 1,600 ha. (managed by 25 community associations) have been included in the SIM program (stepwise approach) but the stepwise management plan will be extended to all areas in the future. This community is the first to be assessed by the SIM program. In addition, two more baseline appraisals were conducted for Condor Florestal, a company in Rondônia State that manages over 38,000 ha., as well as Florestal Santa Maria, a company in Mato Grosso state which manages over 78,000 ha. With these communities and companies, the SIM program is now working in almost 150,000 ha. of forests comprised of 5 companies and 1 community.
- The SIM companies were at the WWF booth in the Brasil Certificado Tradeshow in April 2006. About 6,000 visitors attended the fair. The companies had opportunities to meet potential clients including participants of the Vietnam FTN.
- Tasso Azevedo, Forestry Program Director for Environmental Ministry, recently recognized the significance of the MIV tool and announced the Brazilian Government's support.

Asia and the Near East

Activities in the Asia and Near East region are supported by USAID through *the Alliance to Promote Forest Certification and Combat Illegal Logging in Indonesia* with technical assistance from the GFTN Secretariat (funded through the SFPGA).

WWF Malaysia Forest & Trade Network

- Malaysia Forest & Trade Network (MFTN) supported Raya Intan Sdn Bhd, an outdoor garden furniture manufacturer and a new subsidiary of a larger group named Golden Hill Forest based in Sarawak, to complete a baseline assessment and action plan. The company is set to become the first Sarawak-based member of the MFTN. Sarawak's forests are the state's most important resource and asset, producing timber and a multitude of forest products and being home to an incredible variety of species.
- MFTN is also working closely with the Sabah Forestry Department (SFD), which is expected to be the first MFTN forest participant very soon for its 2 Forest Management Units covering approximately 220,000 ha. of forests.

³ Conducting a baseline appraisal is the first step in pursuing a stepwise approach to certification.

- WorldZone, an MFTN participant, is working closely with their own suppliers to improve their factory operations with the development of Chain of Custody and responsible raw materials sourcing.
- The MFTN has produced a DVD that aims to provide the Malaysian timber industry with a clear understanding of the stepwise approach to credible forest certification and sustainable forest management. The 7-minute video highlights how GFTN membership can help companies building their business as they help meet the demand for responsibly produced timber products.

WWF Indonesia Forest & Trade Network: Nusa Hijau

- PT Inhutani II, a Kalimantan based state-owned enterprise, gained membership in the Indonesia FTN, marking an endorsement of Inhutani's 60,000 ha. Acacia Mangium plantation on Pulau Laut, South Kalimantan. PT Inhutani II is the first Acacia plantation in Indonesia to join the GFTN. Increased supplies of sustainably grown timber such as Acacia will help retain jobs in Indonesia's ailing furniture industry, which is over-dependant upon teak wood and natural forest species. In addition, PT Sari Bumi Kusuma, managing 147,000 ha. of natural forest in Central Kalimantan and a plywood mill in West Kalimantan, also signed a Participation Agreement with the Indonesia FTN. The Indonesia FTN is currently assisting six companies managing 316,876 ha. and six community forests that have submitted applications.
- The Indonesia FTN also added four more trade participants including PT KWAS (garden furniture using Acacia of Inhutani II), PT Sari Bumi Kusuma/Harjon (Plywoodmill manufacturer), PT Kayu Permata (Door& Window component factory), and PT Bangkit Jaya Semesta (outdoor furniture manufacturer).
- In cooperation with HSBC Bank in Jakarta, the Indonesia FTN organized a seminar to introduce the certification process to HSBC clients. The seminar was also attended by marketing officers from the environmental and credit division of HSBC to increase their awareness to forestry issues. The seminar has been followed up by several meetings with HSBC and HSBC clients who have business in the forestry sector. As a result of this seminar, three clients of HSBC have submitted applications to join the Indonesia FTN.
- WWF hosted a visit by the Dutch Housing Association and FSC Netherlands to the Sumalindo Lestari Jaya II concession - an FSC-certified natural forest in East Kalimantan. The visit was part of the "Bouwen voor Borneo" initiative, which aims to build 100,000 houses in the Netherlands from FSC-certified timber from Indonesia.

Africa

WWF Central Africa Forest & Trade Network

- Decolvenaere logging company joined the Central Africa FTN (CAFTN). The company has committed to work with CAFTN for its two Forest Management Units (FMU/UFA) covering 170,000 hectares and three manufacturing units (sawmills). The FMUs are adjacent to Boumba-Bek National Park located in southern Cameroon.
- CAFTN organized a recruitment meeting in Central Africa Republic which brought together representatives from the administration, eight logging companies operating in Central Africa Republic (including IFB, VICO, Tanry, SOFOKAD, SCAD; SEFCA, SAB and SESAM) managing 2.5m ha. of logging concessions, and representative of the PARPAF project that

provide technical support to these logging companies for the development of Forest Management Plans. Two logging companies (IFB and SEFCA) totaling more than 668,000 ha. of logging concessions expressed interest in joining CAFTN.

- The CAFTN provided support to TRC and Pallisco to establish 18 Forest Community Committees (ten committees representing sixty villages located in the vicinity of TRC FMU and eight committees representing 60 villages located within the vicinity of five Pallisco FMUs) within the vicinity of their FMUs. CAFTN organized consultation meetings between TRC and local communities in Yingu and Ndiki-Nimeki to raise the awareness of local communities regarding their rights and obligations vis-à-vis the management of TRC's logging concession, which will help minimize potential conflicts between communities and TRC. CAFTN also provided support to PALLISCO for the development of an anti-poaching strategy including alternative activities to poaching. CAFTN and Pallisco jointly organized a training workshop for the Forest Community Committee members to promote their effective functioning.
- CAFTN facilitated a workshop on the sustainable forest management and certification of community forests. Representatives from government, WWF-CARPO, and other organizations interested in community forestry attended the workshop and discussed recommendations for the improvement of legislation related to community forestry in Cameroon.

Ghana Forest & Trade Network

- The Ghana FTN has developed a database of existing buyers trading with Ghana FTN members in order to track progress of new market links with the FTN members as well as to effectively lobby buyers to demand wood products from certified or well managed sources. This database will help monitor changes and movement of buyers from producers within the same country or region and from one country or region to the other. The database now has a complete list and contact details of all buyers for three Ghana FTN members: Samartex Timber & Plywood Company Ltd., Ghana Primewood Company Ltd., and Scanstyle Mim Ltd.
- A national level consultation and capacity building training on High Conservation Value Forests (HCVF) was organized by the Ghana FTN in collaboration with ProForest. A series of meetings on conservation strategies in Ghana and the general HCVF concept were held with key state institutions and NGOs, including Ministry of Lands, Forestry & Mines, the Forestry Commission, Wildlife Division, Forest Services Division, Resource Management Support Center of the Forestry Commission and the Environmental Division of the Center for Scientific and Industrial Research. The Ghana FTN also organized a stakeholder forum which was attended by over forty representatives from various governmental and non-governmental institutions. After the forum, a technical working group was constituted to develop a local version of the global HCVF toolkit. A draft HCVF document for Ghana was developed and is currently being reviewed. This consultation-based HCVF exercise is meant to develop management prescriptions for high biodiversity and social values in the forests of Ghana. Not only is it an FSC certification requirement for companies to identify HCVs within the concessions and manage them appropriately, but the exercise will also help WWF and the Government of Ghana identify priority areas for conservation within the productive forest estate.
- An independent review of Ghana FTN activities was conducted under the DFID Forest Law Enforcement and Governance Program. The report came out with a positive evaluation of the Ghana FTN activities and led to a pledge of an additional three years funding. The evaluation emphasized the importance of Ghana FTN's continuous work and focus on strengthening the

current members to form a core team to drive responsible forestry, certification, and forest governance in Ghana, as well as driving market interest in member companies.

- The institutional home of Ghana FTN has moved from the Friends of the Earth Ghana to WWF West Africa Regional Program Office (WARPO) due to the move of the FTN Coordinator. Ghana FTN will continue to be led by Abraham Baffoe, the Ghana FTN Coordinator. With this change, Ghana FTN has also replaced its Friends of the Earth Ghana logo with the newly developed Ghana FTN logo.

Europe and Eurasia

Russia Forest & Trade Network: Russian Association of Environmentally Responsible Timber Producers (RAERTP)

- Russia FTN welcomed six new forest participants (including Cardinal, Les Export, Yeniseyslezavod, Premium-Les, Arkhangelsk LDK No.3, and Priozersky DOZ) managing a total of more than 2.8 million ha. In addition, Terneyles, a manufacturer in Russia's Far East, has applied for membership in the Russia FTN. The company is undergoing a baseline appraisal.
- Certified forests in Russia have reached nearly 10.1 million ha while Russia FTN participants account for 59%. The certified area in Russia is expected to double by the end of the year. FSC CoC certificates were also awarded to two Russia FTN participants - Arkhangelsk PPM and Kotlas PPM (Ilim Pulp Corporation) during this quarter. The role of the Russia FTN is to share learning and experience, and to support credible certification through workshops, study tours, experts, certification centers established by WWF-Russia, and publications.
- The first workshop for promoting Russia FTN activities and certification was held in the Caucasus in May 2006. Approximately 50 people attended and discussed topics such as activities for curbing illegal logging, the development of the Russia FTN and credible certification in Russia, and prospects for the Caucasus. Another workshop for promoting Russia FTN and certification was held in Vologda in April and attended by approximately 40 people.
- WWF-Russia and Russia FTN representatives are working with Federal Forest Agency for developing the new Forest Code of Russia as well as for developing the concept and design of the national wood tracing system to control wood legality.

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Table 1

Data is as of June 2006 and may not reflect newly admitted members.

FTN	Status	Hectares	M3 Round wood equivalent	Number of companies	FSC Hectares
Australia WWF FTN	Application submitted	97000		3	97000
	Potential Participant	166536		10	166536
Austria WWF Wood Group	Trade Participant			10	
Belgium FSC FTN	Application submitted			1	
	Trade Participant			14	
Bolivia WWF FTN	Baseline appr. & Action plan completed	20000	8200	2	
	Baseline appr. & Action plan in process	300000	3700	2	300000
	Forest Participant	90000	14000	1	
	Trade Participant		9000	2	
Brasil FOE CPFC	Forest Participant	122729		1	122729
	Suspended Trade Participant			29	
	Trade Participant	8647		41	8647
	Application submitted	25100	100000	1	25100
Brasil PFCA	Forest Participant	1092118.53	13600	9	963826
	Suspended Forest Participant	40862	17000	1	38000
Brasil WWF Brasil	Application submitted	169084	172116	8	
Bulgaria WWF DCPO FTN	Application submitted	4000	148000	6	
CAFTN - Cameroon	Application submitted	334996	102650	3	42000
	Baseline appr. & Action plan in process	240796	135820	3	
	Forest Participant	583179	311511	4	
	Potential Participant	323410		4	
CAFTN - Dem Rep Congo	Application submitted	1131600	0	1	
	Potential Participant			1	
CAFTN - Gabon	Potential Participant	1050000		6	
CAFTN - Rep Congo	Application submitted	1900000	100000	1	
China WWF FTN	Application submitted		2318000	6	
	Forest Participant	433453	323000	2	433453
	Trade Participant		430000	6	
	Trade Participant			11	
France WWF Club Proforêt	Application submitted		200000	1	0
	Trade Participant			16	
Ghana FTN	Application submitted	57605		2	
	Baseline appr. & Action plan completed	18180	96000	1	
	Baseline appr. & Action plan in process	22560		1	
	Forest Participant	329844	768000	5	
	Potential Participant		50000	4	
	Trade Participant			7	
Hong Kong EcoWood@sia	Trade Participant			7	
Indonesia WWF Nusa Hijau FTN	Application submitted	370436	420000	12	
	Awaiting GFTN Secretariat approval		358000	4	

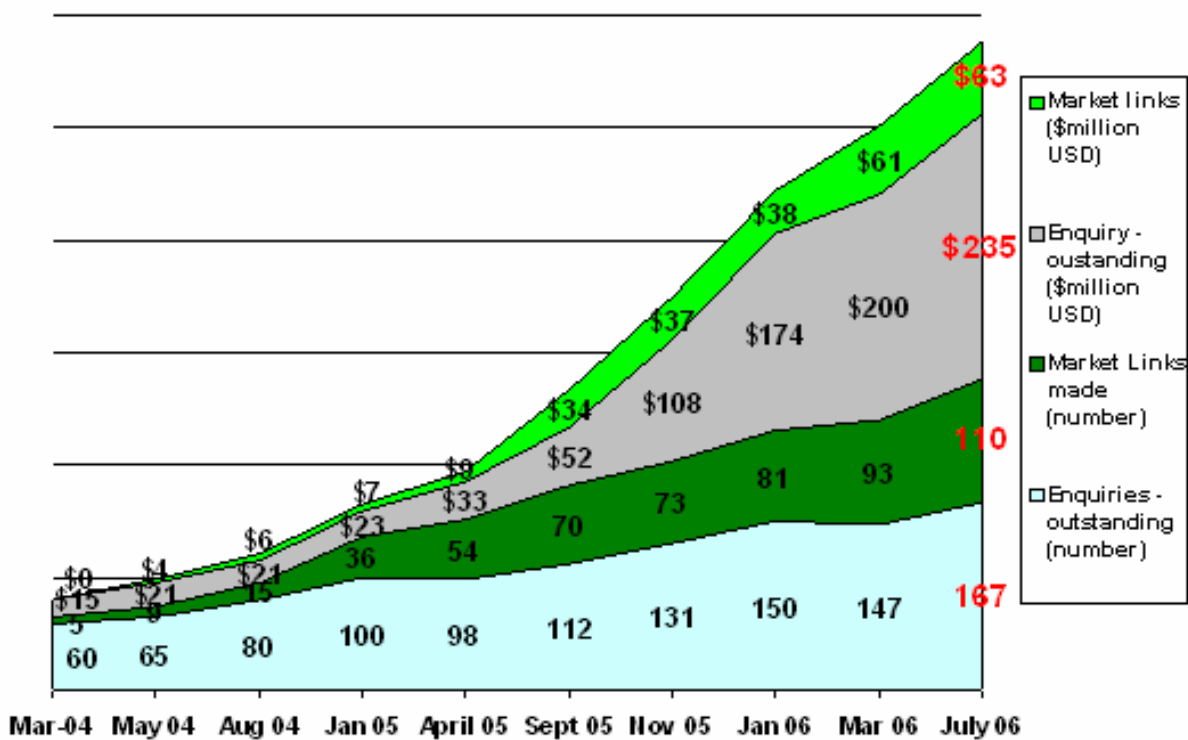
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FTN	Status	Hectares	M3 Round wood equivalent	Number of companies	FSC Hectares
	Baseline appr. & Action plan completed	171340	400000	2	
Indonesia WWF Nusa Hijau FTN	Baseline appr. & Action plan in process		106101	4	
	Forest Participant	641132	275300	3	269660
	Potential Participant	435600	180000	7	90000
	Trade participant		7250	4	
Italy WWF Club per il Legno Ecocertificato	FTN Suspended Operations			17	
Jagwood+ Belize	Potential Participant	104888		1	104888
Jagwood+ Costa Rica	Potential Participant	70409	207890	18	70409
Jagwood+ Guatemala	Potential Participant	72895		4	68017
Jagwood+ Honduras	Potential Participant	12119		3	12119
Jagwood+ Nicaragua	Application submitted	22034		4	22034
	Baseline appr. & Action plan completed	5000		1	
	Baseline appr. & Action plan in process	23632		6	
	Potential Participant	3500		1	3500
	Trade Participant			3	
Jagwood+ Panama	Baseline appr. & Action plan in process			3	
	Forest Participant	3025		2	3025
Japan WWF Sanshoukai	Forest Participant	45150		6	16719
	Trade Participant			19	
Malaysia FTN (MFTN)	Baseline appr. & Action plan completed		1577	2	
	Baseline appr. & Action plan in process	226260	115000	5	
	Potential Participant	403870	90000	3	
	Trade Participant		202500	3	
Netherlands FSC FTN	Application submitted			1	
	Other			1	
	Trade Participant			16	
North America WWF FTN	Application submitted		25000	1	
	Potential Participant	12150882	24633800	20	1600000
	Trade Participant		666000	4	
Peru WWF FTN	Application submitted	461000	469651	13	53000
	Trade Participant			3	
	Forest Participant			1	182,000
Philippines (Malaysia FTN)	Application submitted			3	
Romania WWF DCPO FTN	Application submitted		109000	1	
	Baseline appr. & Action plan in process	48978	103700	5	
	Forest Participant	17440	47000	1	17440
	Potential Participant		1193000	5	
Russia WWF FTN	Application submitted	2500000	680000	2	1394488
	Forest Participant	13232000	23616305	22	4608769
	Trade Participant		55000	1	
Spain WWF Grupo 2000	Trade Participant	1026.66	707740	11	
Sweden WWF FTN	Trade Participant		122520000	13	
Switzerland WWF Wood Group	Trade Participant			20	

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FTN	Status	Hectares	M3 Round wood equivalent	Number of companies	FSC Hectares
UK WWF FTN	Application submitted		200000	2	
	Suspended Trade Participant			1	
	Trade Participant		20827209	51	
Vietnam WWF FTN	Baseline appr. & Action plan completed			1	
	Trade Participant		875000	4	

Table 2. Market Links Progress



5. Partnerships and Leverage

Existing Partnerships

An update on the confirmed partners and leveraged funding is provided below. In addition to USAID's investment of 9.6 million USD (through Year 4), WWF and Metafore have leveraged direct and indirect contributions of 30 million USD from a variety of partners, representing more than 3:1 leverage ratio.

Table 2: Existing Partnerships and Leverage

Partner	Role of Partner	Leverage
<i>Corporate</i>		
The Home Depot	Global Alliance charter partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products.	\$1,000,000 cash support to WWF \$50,000 cash support to Metafore
Andersen Corporation	Global Alliance partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products.	\$100,000 cash \$100,000 in-kind
IKEA	Investing in responsible forestry projects in China, Russia, the Carpathians, the Baltic states, and South East Asia.	\$6,100,000 cash \$72,000 in-kind
Catalyst Paper, (formerly NorskeCanada)	Global Alliance partner is supporting program activities financially and committed to working with their suppliers to develop sources of responsibly harvested wood products and promoting these products in the global marketplace.	\$100,000 cash
Norm Thompson Outfitters	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability. Metafore also worked with NTO to construct a wood products Scorecard to be used by internal buyers.	\$22,000 cash \$19,000 in-kind
McDonald's Corp.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$38,000 cash
Toyota Motor Sales USA, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$35,400 cash
Time, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$55,400 cash \$450,000 in-kind
Hewlett-Packard Co.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$50,400 cash \$380,000 in-kind
Nike, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$48,000 cash \$195,000 in-kind
Starbucks Coffee Company	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$50,000 cash \$60,000 in-kind

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FedEx Kinko's, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$27,900 cash \$70,000 in-kind
Bank of America	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$40,000 cash
Staples, Inc.	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$53,400 cash \$205,000 in-kind
Cenveo (formerly Mail-Well)	Partner in Metafore's Paper Working Group working to define environmentally preferable paper, develop tools for measuring and evaluating it, and take actions to increase its availability.	\$30,400 cash
Quad Graphics	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
L.L. Bean	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
JC Penney Co., Inc.	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
REI	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Hearst Enterprises	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Office Depot	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
RR Donnelley & Sons Company	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Quebecor, Inc	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Fedex Express	EPAT early adopter circle	\$10,000 cash \$10,000 in-kind
Sveaskog	Swedish state-owned forest company is partnering with WWF-GFTN to broaden the market for certified products.	\$147,000 cash
Forest Products Association of Canada	Provided cash contribution in support of Metafore's Certification Resource Center, and in-kind support to facilitate dialogue between forest products industry and business Buyers regarding the production of environmentally preferable paper.	\$17,000 cash \$25,891 in-kind (\$CDN35,000)
Certified Wood and Paper Association (formerly CFPC Marketing Collaborative)	In-kind support—based on business contributions and dues—in the form of promotion of certified wood and paper products.	\$307,575 in-kind
Various technical assistance providers	Provided in-kind support in the form of software and reductions of fees as a contribution.	\$8,819 in-kind
Latin American forest companies in Nicaragua	Participated in the development and testing of tools to assess production capacity, technical assistance needs, and identify	\$30,000 in-kind

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and Costa Rica (11)	opportunities for growth in the domestic and international marketplace.	(provided to Jagwood+)
ERM Japan Ltd.	Contributed goods and services for Northeast Asia market assessment	\$14,000 in-kind
PROMPEX – Peruvian institution for exports promotion	Supported participation of GFTN LAC Regional Coordinator at Negocia Madera 2004 trade show in Lima, Peru	\$1,131 in-kind
Lippencott Mercer	Provided in-kind support to Metafore in the form of services.	\$70,000 in-kind
Selloro	Panamanian hardwood flooring company supporting responsible forest management and trade with the indigenous communities of the Comarca Emberá / Wounaan in the Darien Ecoregion, Panama	\$25,000
Local forest products trade associations	Using market benefits to promote sustainable economic development and forest conservation by small landowners, manufacturers and traders in the Dominican Republic	\$25,000
Newly recruited participants of Forest & Trade Networks in LAC, Russia, Africa	As new participants are recruited to FTNs they contribute membership fees and invest in action plans to promote responsible forestry	Significant but as yet not quantified parallel investments and some direct investments
PFCA- Brazil Corporate Producer Group	Companies implementing responsible forest management and supporting operation of Brazil producer group in Belem	\$25,000
Weyerhaeuser	Forest Leadership Forum sponsor	\$25,000 cash
International Paper	Forest Leadership Forum sponsor	\$7,500 cash
Lanoga	Forest Leadership Forum sponsor	\$10,000 cash
TBM Hardwoods	North America FTN participant	\$15,000 cash
BlueLinx	North America FTN participant	\$100,000 cash
Tetra Pak	Investing in the improved management of the world's forests through GFTN, developing a responsible purchasing policy and action plan	\$118,000 cash
Johnson & Johnson	Developing a responsible purchasing policy, North America FTN applicant	\$25,000 cash
Bank of America	Forest Leadership Forum sponsor	\$50,000 cash
PricewaterhouseCooper	Forest Leadership Forum sponsorship	\$7,500 cash
Pyramid Communications	Forest Leadership Forum sponsorship	\$ 5,000 In-kind
Time Inc.	Forest Leadership Forum sponsorship and EPAT support	\$10,000 cash
<i>Private Foundation/NGO</i>		
WestWind Foundation	Supporting North American FTN activities	\$65,000 cash
Arthur Blank Family Foundation	Supporting North American FTN activities	\$100,000 cash
Blue Moon Fund	Supporting GFTN in North America, Brazil, and China	\$500,000 cash

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Rockefeller Brothers Fund	Grant to Metafore to develop market for certified forest products.	\$200,000 cash
Ford Foundation	Grant to Metafore to improve forestry practices around the world through promoting and facilitating the increased purchase, use and sale of third-party certified forest products.	\$300,000 cash
Surdna Foundation	Contribution to Metafore to support development of collaborative for marketing certified forest products.	\$225,000 cash
MacArthur Foundation	General support to Metafore.	\$33,000 cash
Forest Trends	Programmatic support to the Global Alliance in the form of a global market assessment; strategic studies on critical issues to forest conservation and poverty alleviation; and dissemination of results.	\$4,000,000 public and private donations
GreenWood/Madre Verde	Community based NGO working in Honduras developing conservation-based SME.	\$35,000 cash
Forest Products Association of Canada (FPAC)	Forest Leadership Forum sponsor	\$75,000 cash
Citigroup Foundation	Building sustainable forest product supply chains in China, Indonesia, Malaysia, Vietnam, Brazil, Peru, Guatemala, Honduras, and Costa Rica	\$150,000 cash
Fundacion Natura (Panama)	Implement indigenous community forest management in the community of Marraganti	\$100,000
American Forest and Paper Association (AF&PA)	Forest Leadership Forum sponsorship	\$15,000 cash
WWF North American Trade Network	Forest Leadership Forum sponsorship	\$10,000 cash
<i>Government</i>		
UK Department for International Development	Supporting development of Forest & Trade Networks in Ghana and Brazil, and reducing poverty in priority ecoregions in LAC by building effective market linkages between indigenous community forest enterprises and manufacturers	\$1,200,000 cash
European Union/WWF Belgium	Sustainable Forest Management – Central Africa Project contributing to Producer Group development	\$1,300,000 in parallel investment
Netherlands Ministry of Foreign Affairs (DGIS)	Sustainable Forest Management Project in Democratic Republic of Congo contributing to Producer Group development.	\$1,100,000 in parallel investment
BMZ	Promoting technical partnerships in forest management in Congo Basin contributing to Producer Group development.	\$50,000 in parallel investment
Congo Basin Forest Partnership/FFEM	Jengi Project technical assistance in Cameroon contributing to Producer Group development.	\$225,000 in parallel investment
Government of Sweden	Vertical integration of responsible community and Small & Medium Enterprises (SME) Bolivian wood products sector.	\$325,000
Government of Belgium	Vertical integration of responsible community and Small & Medium Enterprises (SME) Bolivian wood products sector.	\$80,000
Government of	Vertical integration of responsible community and Small &	\$426,000

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Switzerland	Medium Enterprises (SME) Bolivian wood products sector.	
Government of Germany (DED; KfW, GTZ)	Using market benefits to promote sustainable economic development and forest conservation by small landowners, manufacturers and traders in the Dominican Republic (via PROCARYN project)	\$100,000
International Finance Corporation (IFC)	Technical assistance to support responsible producers in Nicaragua	\$150,000
European Union	Supporting FTNs in Africa and Asia	\$4,550,000 cash
UK Department for International Development	Supporting development of functional Community Forest Management Enterprises with Indigenous Communities in Peru, Bolivia, Colombia, Panama and Nicaragua that reduce poverty by generating employment and earnings for communities, long-term and stable wood supply for manufacturers, and improved policy environment with Civil Society Organizations.	\$600,000 cash
DGIS (Netherlands)	Community business development, High Conservation Value Forest monitoring, improved forest policies and lessons learned	\$119,000 cash
World Bank/WWF Alliance	Building linkages between communities and manufacturers, implementing wood tracking mechanisms to reduce illegal logging, and developing mechanisms to access credit	\$110,000 cash
European Union/WWF Netherlands and WWF U.K.	Consolidation of forest landscapes protection and management in Choco-Darien Ecoregional Complex	\$2,660,953 cash
IFC SME Facility	Strengthening of rural indigenous forest enterprises in Nicaragua	\$900,000
IFC SME Facility	Establishment of linkages between indigenous community forest producers and Bolivian manufacturers.	\$700,000
TOTAL*		\$31,005,269

*Note: In addition to the funds leveraged through the partners detailed in the table above, WWF has invested **\$679,000** of its own core funds (from member dues, individual donors, and other support) to the effort.

Table 3: New Partnerships and Leverage

Partner	Role of Partner	Leverage
European Union	Strengthening Indigenous Community Based Forest Enterprises (CBFEs) in Priority Ecoregions in Latin America, Asia-Pacific and Africa	\$4,460,000 cash
Forest Products Association of Canada (FPAC)	Support of Web portals to the Forest Certification Resource Center	\$22,500
International Paper	Forest Leadership Forum sponsor	\$10,000
Toyota Motor Sales USA, Inc.	Forest Leadership Forum sponsor	\$10,000
TOTAL		\$4,502,500

Annex 1: Activities Table – April 1, 2006 –June 30, 2006

Activity	Respon- sible	Status	Metric																		
			Policy Successes				Tools	Tech. Asst. Person-days	Persons trained				Partners	Number & Hectares of Forest under responsible forest management						Market links	
			Policy Analyses*	Policy Reform / Development*	Policy adoption*	Policy implementation			Total	Male	Female	Youth		Application*		Participation		Certified		Numbers	Value (US\$)
														Numbers	Hectares	Numbers	Hectares	Numbers	Hectares		
A. Enhanced demand for legal products from well-managed forests																					
A-1 Increase number of government agencies and businesses that agree to source forest products from legal, well-managed forests																					
Corporate outreach	Metafore	on-track																			
Corporate outreach (RPG and KIL)	WWF	on-track																			
- Seminar in Fukushima, Japan								1	150												
- Global Environmental Forum (WWF/Greenpeace/FoE)								1	25												
NA-FTN	WWF	on-track	21		1			1	80												
Europe: linking to producers	WWF	on-track	11																		
GFTN Asia	WWF	on-track																			
- Japanese Paper Buyers							1	1	220				2								
-China FTN			6					2	214												
LAC: enhancing regional demand	WWF	on-track	3																		
LKS Awareness and demand	Metafore	on-track																			
A-2 Increase number of businesses and governments implementing purchasing policies that prefer forest products from legal, well-managed forests.																					
NA-FTN	WWF	on-track				2							4								
Europe: linking to producers	WWF	on-track				5															
GFTN Asia	WWF	on-track																			
- Japanese Paper Buyers						3															

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Activity	Respon- sible	Status	Metric																		
			Policy Successes				Tools	Tech. Asst. Person-days	Persons trained				Partners	Number & Hectares of Forest under responsible forest management						Market links	
														Application*		Participation		Certified			
			Policy Analyses*	Policy Reform / Development*	Policy adoption*	Policy implementation			Total	Male	Female	Youth		Numbers	Hectares	Numbers	Hectares	Numbers	Hectares	Numbers	Value (US\$)
-China FTN						6							6								
LAC: enhancing regional demand	WWF	on-track				2	4														
EPAT	Metafore	on-track					1			10											
B. Increased supply of legal products from well-managed forests																					
B-1 Increase the organizational and technical capacity of producers to manage legally and responsibly																					
LKS supply chain development	WWF	on-track							1												
Policy advocacy with local governments	WWF	on-track				3															
Responsible forest investment	WWF	on-track																			
Indonesia	WWF	on-track	19	4				1	70					13	541,776						
Malaysia	WWF	on-track	3	5			1							5	226,260						
Vietnam	WWF	on-track					1														
Russia	WWF	on-track	2											2	2,500,000				1,394,488		
Ghana	WWF	on-track	6	1			1							4	98,345						
Central Africa	WWF	on-track	16	3			1							7	1,707,392						
Mesoamerica and Caribbean	WWF	on-track	23	9			1	14	480	339	141			12	54,236						
Brazil	WWF	on-track	9										4	9	194,184						
Bolivia	WWF	on-track		2			4							4	320,000				300,000		
Peru	WWF	on-track	13				4							13	461,000				53,000		
China																					

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Activity	Respon- sible	Status	Metric																		
			Policy Successes				Tools	Tech. Asst. Person-days	Persons trained				Partners	Number & Hectares of Forest under responsible forest management						Market links	
			Application*		Participation				Certified		Numbers	Value (US\$)									
			Numbers	Hectares	Numbers	Hectares			Numbers	Hectares											
			Policy Analyses*	Policy Reform / Development*	Policy adoption*	Policy implementation			Total	Male	Female	Youth		Numbers	Hectares	Numbers	Hectares	Numbers	Hectares	Numbers	Value (US\$)
B-2 Increase the area of forest under improved forest management.																					
Certification/stepwise approaches to improving forest management	WWF																				
Indonesia	WWF	on-track			6	8								16	541,776	8	644,640				
Malaysia	WWF	on-track			2									1							
Vietnam	WWF	on-track																			
Russia	WWF	on-track				6										6	1,085,000				
Ghana	WWF	on-track			1											4	170,844				
Central Africa	WWF	on-track						1	18	18	0	0	7			6	581,179				
Mesoamerica and Caribbean	WWF	on-track			1	7										2	3,025				
Brazil	WWF	on-track																			
Bolivia	WWF	on-track			2	1								4	320,000	1	90,000				
Peru	WWF	on-track																			
China	WWF	on-track														2	433,453				
B-3 Increase the area of forest under effective management as verified by credible certification																					
Indonesia	WWF	on-track											1						269,660		
Malaysia	WWF	on-track																			
Vietnam	WWF	on-track																			
Russia	WWF	on-track											3					4	4,608,769		
Ghana	WWF	on-track											1								
Central Africa	WWF	on-track																			
Mesoamerica and Caribbean	WWF	on-track																6	1,086,555		

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Activity	Respon- sible	Status	Metric																		
			Policy Successes				Tools	Tech. Asst. Person-days	Persons trained				Partners	Number & Hectares of Forest under responsible forest management						Market links	
			Policy Analyses*	Policy Reform / Development*	Policy adoption*	Policy implementation			Total	Male	Female	Youth		Numbers	Hectares	Numbers	Hectares	Numbers	Hectares	Numbers	Hectares
Brazil	WWF	on-track															11	1,086,555			
Bolivia	WWF	on-track																300,000			
Peru	WWF	on-track																			
China														2					433,453		

C. More efficient trade of legal products from well-managed forests

C-1 Increase market intelligence to improve access to markets by expanding technical, policy, and market information availability via Web-based resources and other venues.

GFTN market data	WWF	on-track																			
GFTN international coordination	WWF	on-track																			
- EMG Meeting, Beijing									15												
- EMG Meeting, Douala									10	7	3	0									
- GFTN Europe Meeting in Austria								4	50												
- GFTN Study Trip to Indonesia								1	35												
- GFTN Study trip to Cameroon								1	13	9	4	0									
- Japanese delegation to Indonesia									5												
- Legality seminar in Japan (w/ Russia FTN)								1	70												
- GFTN Europe Mission to Finland									30												
- FTN Russia's study tour to Belgium and Netherlands									30												
- Training Workshop in Ghana (WWF/FoE)									28												

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Activity	Respon- sible	Status	Metric																		
			Policy Successes				Tools	Tech. Asst. Person-days	Persons trained				Partners	Number & Hectares of Forest under responsible forest management						Market links	
			Policy Analyses* Policy Reform / Development* Policy adoption* Policy implementation						Total	Male	Female	Youth		Application*		Participation		Certified		Numbers	Value (US\$)
														Numbers	Hectares	Numbers	Hectares	Numbers	Hectares		
- LAC-NAFTN Meeting									14	8	6										
- Responsible Trade of Forest Products seminar, Madrid									200												
Global Wood Advisor	Metafore	on-track					1		80												
Business Action Toolkit	Metafore	on-track																			
Business Case Studies	Metafore	completed				3															
Book on the business rationale	Metafore	on-track																			
InFocus business news	Metafore	on-track					36		300												
Certification Resource Center	Metafore	on-track																			
International professional development	Metafore	on-track																			
C-2 Increase value and the number of market links (or trade relationships) between willing buyers and producers.																					
Market links	WWF	on-track																		40	29,409,000
International producer seminars	Metafore	on-track					1		53												
Forest Leadership Forum 2006	Metafore	completed							400												
Yer 4 TOTAL			132	24	13	46	56	29	2591	381	154	0	28	90	6,964,969	27	2,574,688	21	9,099,027	40	29,409,000
Year 3			-	-	-	41	69	17	2939	-	-	-	53	-	-	4	657,844	-	-	42	20,400,000
Year 2			-	-	-	24	98	274	1387	-	-	-	555	-	-	31	12,691,203	-	-	28	13,600,000
Year 1			-	-	-	16	9	7	1221	-	-	-	46	-	-	-	1,809,232	-	-	0	-
Grand Total (Years 1-4 Cumulative w/o detail)			-	-	-	127	232	327	8138	154	154	0	682	-	13,929,938	62	33,796,998		5,652,826	110	63,409,000

* The numbers in these column are not cumulative. It represents the number of companies that are in the particular stages at the end of this reporting period.

Annex 2: Alliance Chronicles 1



A Russian Revolution in Sustainable Forestry

By Julia Cass

Stimulated in part by WWF's Global Forest and Trade Network, demand for responsibly-produced forest products is causing a breakthrough for sustainable forestry in Russia's vast forests, helping preserve tiger and leopard habitat and making Russia a key player in global markets.

Despite large scale logging dating back to the days of Peter the Great, Russia contains the world's largest remaining areas of old growth boreal forests. Untouched tracts of these marshy coniferous forests support a diversity of plant, bird, and animal life – such as wolverines, lynx, flying squirrels, and capercaillies – that is rare in Europe. These vast forests contain large amounts of carbon and help regulate the global climate.

Still, clear cutting, illegal logging, and selective harvesting of the more commercial species have gradually reduced the extent and ecological significance of these forests. When the post-Soviet Russian government began to privatize the timber industry in the early 1990s, WWF saw an opportunity to shape the emerging free market Russian forestry into a more environmentally responsible model.

Guided by its philosophy of using market mechanics to drive improvements in forestry, WWF's Global Forest & Trade Network (GFTN) helped develop the growing demand in Europe for responsibly-produced wood by establishing groups of buyers pledged to purchase lumber from forest companies employing legal and sustainable forestry practices that protect important environmental, social, and economic values. These companies began telling their suppliers to seek certification from independent groups that set standards for sustainable forestry.

Many of their suppliers were Russian. "Northwest Russia is the softwood basket of Europe, and they have had long term trading relationships," said Per Rosenberg, executive director of WWF's GFTN. "Russia's newly private timber companies began hearing from their customers 'We want certified wood.'"

Responsible production capacity, though, was not sufficient to keep up with the pace of growth in responsible forestry envisioned by WWF. In 2000, when the GFTN formed a group of Russian timber companies interested in obtaining or retaining their European customers, Russian forestry practices were antiquated and no one knew what certification was or how to obtain it. The GFTN

and WWF Russia sought to change this situation by conducting workshops and training sessions, establishing certification centers, creating a model forest, and providing technical assistance to companies in its responsible producers' group.

The results are impressive. FSC certification developed at a modest rate from 2000 to 2003, when the certified forest area totaled about 350,000 hectares (1 ha = 2.47 acres). The pace began to pick up exponentially in 2003, with the total of FSC certified area reaching 7.36 million hectares by the end of 2005, including 1.6 million in Siberia. Six months into 2006, the certified area has grown to 10.1 million hectares. Audits expected to be completed by the end of the year will probably bring the total close to 15 million, with another 10 million hectares expected to be added by the end of 2007, bringing the total to 25 million hectares certified to FSC standards in Russia.

This explosive growth means that Russia will soon surpass Sweden in the area of forest managed to rigorous environmental standards - and put it second in the world behind Canada. Membership in the Russia Forest & Trade Network (the Russia arm of the GFTN), has grown from three to 25 and includes some of the largest timber companies in the country. Together, members of the group are stewards of 55 percent of the certified area in Russia and are responsible for 54 percent of Russia's pulp and paper exports, 21 percent of exported fiberboard, 12 percent of exported plywood, and 8 percent of its exported laminated wood, moldings, and other forms of shaped wood.

Now, the GFTN is focusing attention on the Russian Far East. The mixed coniferous-deciduous forests of the Amur-Heilong river basin bordering China, identified by WWF as one of the world's most biologically important and diverse forests, are the heartland of the endangered Amur (Siberian) tiger and Amur leopard. These cats face serious threats from illegal and unsustainable logging and China's voracious and growing demand for lumber. One company in the area, which has a large logging concession in a virgin forest with 380 year old cedar trees and giant blue subtropical butterflies, recently became FSC certified with the help of the GFTN. In April 2006, the Russia FTN gained its first member in this important area.

"There is huge pressure to harvest these forests," Collins added. "They are next to the burgeoning area of northeast China, where the population has gone from 45 to 75 million in the past ten years. Several large Chinese factories that use large quantities of wood are located near the border with Russia in the Amur-Heilong region."

At present, timber companies in this region have little market incentive to harvest wood in an environmentally sensitive manner. "The Chinese are so hungry for wood they're not asking questions," said George White, responsible purchasing coordinator for the GFTN. "Most of the Japanese, Korean, and Chinese companies that trade in the Russian Far East are not interested in certification. Few put any premium on it at all."

In this new frontier, the GFTN is beginning in much the same way it did in Europe and northwest Russia ten years ago: by working to develop demand for responsibly harvested wood in Japan and China - particularly in companies that make flooring, furniture, and other wood products for export - and by working with timber companies in Russia's Far East region to understand and work towards certification.

The GFTN recently established buyer-oriented FTNs in Japan and China, which now ask for certified wood. “Most of the Chinese members are locked into export markets in Europe and North America where there are strong signals for legal wood, at a minimum, and good demand for certified,” White said. “The Japanese market is a consumer market in itself, and there are signs of an increase in demand for legal and certified products.”

“We’re hopefully witnessing a tipping point in responsible forestry in the Russian Far East,” said Alexander Voropaev, the GFTN’s manager in Russia.

The GFTN has scheduled a workshop in Vladivostok, the largest city in the region, in September 2006 to introduce timber companies in the Russian Far East to buyer members of the GFTN in China, along with member companies in Japan and Australia.

“The Russian Far East is a big challenge,” Rosenberg, the GFTN director, said. “But we are working there and we expect to make serious inroads in the coming years, just as we did when we began in northwest Russia a decade ago.”

Annex 3: Alliance Chronicles 2



New Leadership in Nicaragua's Miskito Communities Manage Forests for Future Generations

The GFTN communications manager for Latin America traveled to Nicaragua to participate in a workshop and field visits focusing on indigenous communities' ability to participate in responsible forest management. As a result of these activities, six indigenous communities came together and formed a community forest enterprise and have already begun supplying the Nicaraguan market with timber. The communications officer has developed reports that the GFTN is using to share knowledge and lessons among indigenous people throughout its network, including the following report.

As occurs in other Latin American places, responsibility for forest degradation in the North Atlantic Autonomous Region of Nicaragua is shared by various parties. On one hand, some loggers enter into abusive contracts with indigenous leaders. On the other hand, some indigenous leaders take advantage of their position to achieve personal benefit instead of community welfare. A vicious cycle is formed in which the losers are the communities and the forests.

Today - with help from WWF and the GFTN - the "new leaders", young individuals belonging to six neighboring Miskito communities, are trying to change this cycle. These new leaders want to harvest the forest, but they assure it will not be done as before. They believe that by organizing themselves in a cooperative enterprise (the co-op), and by applying principles of responsible forest management, they will improve their quality of life while ensuring sustainable management of the forest resource.

The communities are united by a shared vision. "When there is no organization, the forest is destroyed. That is why we want to get organized, so that we can harvest our forests," states Paulo Ovando, a member of the administrative board of the co-op, adding, "We weren't sure how to act as an enterprise, for example, how to sustainably manage a forest, and we needed someone to provide assistance."

With the support of WWF, the communities were able to develop general forest management plans in a participatory manner, which governed the management of their forests. Annual operating plans were also developed to govern the volumes of wood to be harvested each year. The communities were able to learn about negotiating sale prices as well as the development of community and entrepreneurial investment plans.

Recently, 900 cubic meters of timber were harvested under the first annual operating plan, which has resulted in close to US\$3,450 in benefits for social programs and US\$12,000 in salaries. All six communities were able to contribute.

The Assembly is the venue in which decisions are made by the communities acting in the co-op. The distribution of funds from the sale of wood is participatory and democratically approved. Income is invested in some of the communities' basic needs: in the case of Butku, Sangni Laya, and Iltara to pay for the installation of solar panels; in Auhya Pihni to finance the church's annual conferences; and in Auyha Tara and Panua to purchase and care for cattle.

"In order to assure the project's sustainability, providing assistance in organization and investment of income is as important as providing technical assistance in logging activities," states Janja Eke, coordinator of WWF's forest program in Nicaragua.

The members of the co-op's board understand that wealth belongs to the community and not to a few. Even so, it has been somewhat difficult for the communities to stop negotiating as individuals and adopt a cooperative approach since some continue to feel their individual interests are under threat.

"If we destroy the forests there will be no life left for us, we would not be able to hunt or fish, and that is why we need to protect them. They are for new generations to come. We don't want to answer questions such as 'What did our ancestors leave us?' If the forests are destroyed it will mean that we have no love for our children, only for the money," concludes Luis Tacio, one of the community members.